



# PRESS RELEASE

## Internal Revenue Service - Criminal Investigation *Chief Richard Weber*

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Contact: \*CI-HQ-COMMUNICATIONSEDUCATION@ci.irs.gov  
IRS – Criminal Investigation

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### **Ohio Insurance Salesman Convicted of Failure to File Income Tax Returns and Failure to Pay Taxes**

*Failed to File Timely Tax Returns for More than Two Decades*

An insurance salesman and former resident of Parma, Ohio was convicted today following a five-day jury trial of fifteen counts of willful failure to pay income taxes and five counts of willful failure to file income tax returns, announced Principal Deputy Assistant Attorney General Caroline D. Ciruolo, head of the Justice Department's Tax Division; U.S. Attorney Carole S. Rendon for the Northern District of Ohio; and Acting Special Agent in Charge Troy N. Stemen for the Internal Revenue Service (IRS) Criminal Investigation, Cincinnati Field Office.

According to the evidence presented at trial, John Christopher Raschella, 57, currently a resident of Estero, Florida, failed to pay more than \$1 million in income taxes, interest and penalties that he owed to the IRS for 1995, 1996, and 1998 through 2012. During those years, Raschella sold insurance, and earned additional income working for other insurance salesmen.

Between 1989 and 2012, Raschella failed to timely file income tax returns to report his income to the IRS. For several years, Raschella filed delinquent income tax returns on which he reported that he owed taxes, but failed to make the required payments. For other years, the IRS assessed Raschella's taxes and sent him letters notifying him of the amount owed, but Raschella still failed to pay. The government's evidence also demonstrated that between 2010 and 2012, Raschella filed numerous false tax returns on which he, among other falsities, underreported his income and claimed deductions for alimony that he had not paid.

The evidence at trial established that Raschella used a series of nominee entities and individuals to prevent the IRS from collecting his unpaid taxes through liens on his assets and levies on his income or bank accounts. In 2001, Raschella attempted to assign his insurance commissions to American Financial, a company operated by Joseph Flickinger. Flickinger was sentenced to prison after pleading guilty for his role in promoting a tax fraud scheme. Raschella also paid Flickinger to prepare a false tax return for Raschella for the year 2000.

In 2003, Raschella formed two companies, Resource One, Corporation and Legacy Foundation International. Raschella deposited his insurance commissions into bank accounts in the name of these entities. Raschella also purchased, leased and registered vehicles in the names of both Resource One and Legacy Foundation. Raschella incorporated Resource One with the assistance of Carol Sing, who was sentenced to three years in prison in May 2015 after a jury convicted her of promoting a tax fraud scheme. Raschella organized Legacy Foundation with

the help of Nancy Lloyd, who was enjoined in December 2005 from promoting abusive tax fraud schemes.

Raschella successfully assigned his insurance commission to Resource One in 2005, which resulted in the insurance company that he sold insurance for issuing a Form 1099-MISC to the company instead of to Raschella individually. The insurance company revoked the assignment after learning that Raschella had made false statements to a county government agency regarding the fact that Resource One was his company. Raschella also hired an individual in Texas who submitted a fraudulent levy release to the insurance company on his behalf. This document was created to appear as if it was issued by the IRS, when, in fact, it was sent by the individual in Texas. The fraudulent document resulted in the insurance company substantially reducing the amount of Raschella's insurance commissions that it was paying over to the IRS in response to a levy.

"Convictions, like the one returned against Mr. Raschella today, send a clear message that those who willfully defy the tax laws will be fully investigated, prosecuted, and subjected to the full punishment of the law for their actions," said Chief Richard Weber of IRS-Criminal Investigation. "The overarching principle of IRS's enforcement strategy is to protect the integrity of the tax system by ensuring everyone pays the right amount of tax. The IRS and Department of Justice remain determined and vigilant in ferreting out such schemes to cheat the honest taxpayers."

"John Raschella willfully failed to pay more than \$1 million in income taxes, interest and penalties," said Principal Deputy Assistant Attorney General Ciruolo. "The jury's verdict makes clear that dishonest taxpayers who fail to file returns and pay their fair share of taxes cannot escape responsibility for their illegal conduct."

"While no one looks forward to paying taxes, it is our obligation as citizens," said U.S. Attorney Rendon. "The jury found this defendant willingly and fraudulently shirked his responsibility."

Raschella is the fourth insurance salesman to be convicted of tax crimes in the Northern District of Ohio in recent years. In October 2012, William A. Herder was sentenced to 37 months in prison after a jury convicted him of tax evasion, corruptly endeavoring to impair and impede the IRS, and willful failure to file tax returns. Herder's son, William R. Herder was sentenced to 20 months in prison in January 2013 after pleading guilty to corruptly endeavoring to impair and impede the IRS and structuring currency transactions. William A. Herder's brother-in-law, Thomas Mitchell, was sentenced to probation in 2012 after pleading guilty to willful failure to file a tax return. All four men utilized similar schemes to evade their responsibilities under the federal tax laws.

U.S. District Judge Dan Aaron Polster set sentencing for April 13, 2017. Raschella faces a statutory maximum sentence of one year in prison for each willful failure to pay and willful failure to file conviction. He also faces a period of supervised release, restitution and monetary penalties.

Principal Deputy Assistant Attorney General Ciruolo, U.S. Attorney Rendon and Acting Special Agent in Charge Stemen thanked agents of IRS-Criminal Investigation, who conducted the investigation, and Trial Attorneys Melissa S. Siskind and Jeffrey A. McLellan of the Tax Division, who prosecuted the case. They also thanked Assistant U.S. Attorney Robert J. Patton of the Northern District of Ohio who provided substantial assistance in this prosecution.

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